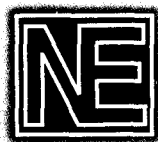




THE NAHAR GROUP

16th Annual Report

2003-2004



NAHAR EXPORTS LIMITED

[GOLDEN TRADING HOUSE]



ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

Sh. Jawahar Lal Oswal
 Sh. Dinesh Oswal
 Sh. Kamal Oswal
 Sh. Dinesh Gogna
 Sh. Sardar Lal Sehgal
 Sh. Komal Jain
 Dr. (Mrs.) H.K. Bal
 Dr. Om Parkash Sahni
 Sh. Gursharan Singh Dhiman
 Sh. Amarjeet Singh
 Sh. Kanwar Sain Maini
 Dr. Suresh Kumar Singla

Chairman-cum-Managing Director
 Managing Director
 Director
 Director
 Executive Director
 Director
 Director
 Director
 Director
 Director
 Director

FINANCE CONTROLLERS

Sh. Prem Kishore Vashishth
 Sh. Anil Kumar Garg

COMPANY SECRETARY

Sh. Rajesh Kumar

BANKERS

Punjab National Bank
 State Bank of India
 Canara Bank
 Allahabad Bank
 Citi Bank

REGISTERED OFFICE

376 Industrial Area-A,
 Ludiana-141 003, Punjab.

WORKS :

1. **Rishab Spinning Mills**
 Village Jodhan, Distt, Ludhiana
2. **Nahar Exports Ltd.**
 B-XXX, 1743/3, Dhandari, Ludhiana
3. **Nahar Exports Ltd, 100% EOU**
 Village Lehli/Lalru, Distt. Patiala
4. **Nahar Fibres Unit-I**
 Jitwal Kalan, Malerkotla.
5. **Nahar Fibres 100% EOU**
 Jitwal Kalan, Malerkotla.

AUDITORS

M/s Gupta Vigg & Co.
 Chartered Accountants.
 101, Kismat Complex.
 G.T. Road, Miller Ganj, Ludhiana - 141 003

16th ANNUAL GENERAL MEETING		CONTENTS	PAGE NO.
Day	: Thursday	NOTICE	1
Date	: 30th September, 2004	DIRECTORS' REPORT	3
Time	: 10.45 A.M.	REPORT ON CORPORATE GOVERNANCE	7
Place	: At the Premises of Nahar International Limited Focal Point, Ludhiana	AUDITORS' REPORT	12
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		PROFIT & LOSS ACCOUNT	15
		NOTES ON ACCOUNTS	22
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7. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialise their shares at the earliest.
8. To avail the facility of nomination, Members are requested to send us duly filled and signed Nomination Form (Form 2B)
9. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
10. Members are requested to bring the copy of Annual Report alongwith them, at the meeting.
11. The information required to be provided under clause 49 of the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed are annexed hereto and form part of the notice.

Information required to be furnished under clause 49 of the listing agreement :

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below :

1. Name : Sh. Amarjeet Singh
Age : 77 years
Qualification : LL.B
Expertise : Having 50 years experience in Taxation and Legal Work.

Directorships/Membership in the Committees of the Board in Other Companies

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd.	Audit Remuneration Shareholders Grievance	Chairman Chairman Member
2. Nahar International Ltd.	Shareholders Grievance Remuneration Audit	Member Member Chairman Member
3. Vanaik Investors Ltd.	—	—
4. Oswal Woollen Mills Ltd.	Audit	Member
5. Oswal Leasing Ltd.	—	—
2. Name : Sh. K. S. Maini Age : 64 years Qualification : M. Com		

Expertise : Having more than 31 years experience in teaching, commerce Management and Administration.

Directorships/Membership in the Committees of the Board in Other Companies

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd.	--	--
2. Nahar Indl. Enterprises Limited.	Shareholders Grievance Remuneration	Member Chairman
3. Name : Sh. Komal Jain Age : 49 years Qualification : M. A. Expertise : Business experience of 22 years.		

Directorships/Membership in the Committees of the Board in Other Companies

Name of the Company	Committee	Status
1. Girnar Investment Ltd.	—	—
2. Vanaik Investors Ltd.	—	—
3. Bermuda Investment Co. Ltd.	—	—
4. Cannanore Invest Co. Ltd.	—	—
5. Dundee Investment Co. Ltd.	—	—
6. Oswego Spinning Mills Pvt. Ltd.	—	—

4. Name : Dr. (Mrs.) H. K. Bal
Age : 65 years
Qualification : Ph.d.
Expertise : More than 30 years of experience in teaching Management and Statistics.

Directorships/Membership in the Committees of the Board in Other Companies

Name of the Company	Committee	Status
1. Nahar Spinning Mills Ltd.	Remuneration Shareholders Grievance	Member Chairperson
2. Nahar International Ltd.	Audit	Chairperson
3. Shreyans Industries Ltd.	Audit	Member
4. Nahar Indl. Enterprises Ltd.	Audit Remuneration	Member Member
5. Industrial Organics Ltd.	---	---
6. Nahar Sugar & Allied Industries Ltd.	Remuneration Audit	Member Member

By Order of the Board

Place : Ludhiana

RAJESH KUMAR

Dated : 31st July, 2004

(COMPANY SECRETARY)



NAHAR EXPORTS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **SIXTEENTH ANNUAL REPORT** on the affairs of the company for the year ended 31st March, 2004.

FINANCIAL RESULTS

Your Company's Financial Performance during the year is summarised below :

(Rs. In Lacs)		
PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
PROFIT BEFORE INTEREST & DEPRECIATION	7201.92	6091.93
Less : Interest	657.63	631.26
Depreciation	2299.21	2248.33
Provision for Taxation (Net of Deferred Tax)	779.16	829.02
Profit after tax	3465.92	2383.32
ADD : Adjustment of Income	99.54	137.62
Tax/Depreciation of earlier Years		
Balance of surplus brought forward	9.95	17.09
Write back of	109.49	4396.03
Diminution in value of long term investment of earlier years		
Amount available for appropriation	3575.41	6934.06
APPROPRIATION		
Proposed Dividend	525.72	525.66
Tax on Distributed profits	67.36	67.35
Transfer to General Reserve	2968.25	6331.10
Balance carried to balance sheet	14.08	9.95
	3575.41	6934.06

SEGMENT REPORTING

We wish to inform you that the disclosure requirement of Accounting Standard 17, issued by the Institute of Chartered Accountants of India, are not applicable as the main business activities of the Company falls under single segment namely 'Yarns'.

OPERATIONS REVIEW

We are pleased to report that your Company has put up a splendid performance during the year under review. The Company achieved an operating income of Rs.461.34 crores showing an impressive increase of 20.24% over the previous year. Likewise the export at Rs.303.63 crores has also shown an impressive increase of 35% over the previous year. Because of its excellent export performance, your company continues to enjoy the status of **GOLDEN TRADING HOUSE**. The Company has also been able to improve its financial performance and has earned a gross profit (before interest) of Rs.72.02 crores

showing an impressive increase of 18.22% over the previous year. After providing Rs.22.99 Crores for depreciation and Rs. 7.79 Crores for Tax (Net of deferred tax) the Net profit at Rs.34.66 crores has also shown an impressive increase of 45.45% over the previous year. After appropriation of profit as per detail herein above, an amount of Rs. 29.68 crores has been transferred to General Reserve thereby increasing the Reserves of the Company at Rs. 257.06 crores on 31st March, 2004.

We are pleased to report that company's Export efforts have also been recognised by The Cotton Textile Export Promotion Council as is evident from the timely pronouncement of Award of **TEXPROCIL GOLD TROPHY** to the company, for the outstanding Export performance in Yarn amongst Mills Exporters, for the year 2003-2004.

We would further like to inform you that company has installed 8924 new spindles thereby increasing the installed capacity of the spinning units to 153664 spindles. Your Management is quite optimistic that enhanced capacity will enable the company to further improve its financial performance in the coming periods.

DIVIDEND

Your Directors are pleased to recommend a dividend @15% (i.e. Rs.1.50/- per share) on paid up equity share capital for the year ended 31st March, 2004.

The dividend, if approved at the forthcoming Annual General Meeting, will be paid out of the profits of the company for the year under reference to all those shareholders whose names shall appear in the Register of Members on 30th Sept., 2004 or Register of beneficial owners, maintained by the Depositories as at the close of 15th Sept., 2004. The dividend distribution as percentage of Net profit after tax is 15.17.

MODERNISATION OF SPINNING PLANT

We are pleased to inform you that company has already modernised its Spinning Units so that company can avail the emerging opportunities arising out of the quota free business environment w.e.f. 1st Jan., 2005. In the current year, Company will be spending Rs.30 Crores on the modernisation programme of the spinning units and the same will be financed by way of term loan of Rs.24 crores under the Tuff Scheme and balance Rs.6 crores from internal accruals of the company. The modernisation of the plants will enable the company to achieve competitive edge over others, thereby increasing its exports to quality conscious markets of U.S. and Europe and thus further improve its Financial performance.

DIRECTORS

Pursuant to article 112 of the Articles of Association of



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the company Sh. Amarjeet Singh, Sh. K.S. Maini, Sh. Komal Jain and Dr. (Mrs.) H. K. Bal will be retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

In terms of clause 49 of the Listing Agreement with the Stock Exchanges, the details of Directors to be appointed/re-appointed are contained in the accompanying Notice of the forthcoming Annual General Meeting.

LISTING OF SECURITIES

The securities of the company are presently listed on the following Stock Exchanges:

- i. The Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana.
- ii. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai.
- iii. The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai.

The Company has paid listing fee to all the aforesaid Stock Exchanges for the Financial year 2004-2005. The Delhi Stock Exchange and Ahmedabad Stock Exchange have already delisted the securities of the company from the Exchange w.e.f. 31.03.2004 and 08.07.2004 respectively. The approval regarding delisting of company's securities from the Ludhiana Stock Exchange is still awaited.

CREDIT RATING

The Credit Rating Information Services of India Ltd. (CRISIL) has reaffirmed the credit rating "P1+" (Pronounced "P one plus") to the Company for commercial paper/short term loan upto Rs.10.00 Crores.

DEMATERIALISATION OF SECURITIES

As the members must be aware that company's securities are tradable compulsorily in electronic form w.e.f. 8th May, 2000. Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the holding and trading of securities in electronic form. As on date 81% of the share capital of the company has been dematerialised.

Further as per circular no. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in

respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar at below mentioned address:

M/s Alankit Assignments Limited
(Unit : Nahar Exports Limited)
2E/8, Blazeflash House, Jhandewalan Extension
New Delhi – 110 055
Telephone No. : (011) 51540060-63
Fax No. : (011) 51540064
E-mail address : nahar@alankit.com

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

The shareholders who have not gone in for dematerialisation of shares till date are requested to opt for dematerialisation of the shares at the earliest.

AUDIT COMMITTEE

Pursuant to Section 292 A(1) of the Companies Act, 1956, Audit Committee consisting of Sh. Amarjeet Singh as Chairman, Sh. Dinesh Gogna and Sh. K.S. Maini as members, has already been constituted by the Company. The committee held four meetings during the year under review.

REPORT ON THE CORPORATE GOVERNANCE

Your Company continues to follow the principles of good Corporate Governance. The company has already constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report alongwith the Auditors Certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges, is attached herewith as Annexure-III.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review, confirm in their entirety to the requirements of the Companies Act, 1956.

The Directors confirm :

- i) that in preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;
- ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the

NE NAHAR EXPORTS LIMITED

profit or loss of the company for that period;

- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that they have prepared the Annual Accounts on a going concern basis.

COST AUDITORS

The Company appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors for the year 2003-2004. The Government of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, New Delhi have approved their appointment vide letter dated 23rd June, 2003. The Cost Audit Report of the company would be submitted to the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, in accordance with the requirements of Law.

AUDITORS

M/s Gupta Vigg & Co., the Auditors of your Company shall be retiring at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The company has obtained from auditors, a certificate as required under Section 224(1-B) of the Companies Act, 1956 to the effect that their reappointment, if made, would be within the limits specified in the said section.

FIXED DEPOSITS

During the year the company has not accepted any fixed deposit within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 205-C of the Companies Act, 1956 the company has transferred an amount of Rs.506308.68 (Rupees Five lakhs six thousand three hundred eight and paise sixty eight only) being the amount of unclaimed dividend for the year 1995-96 to the Investor Education and Protection Fund.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The detailed information as required under section 217(1)(e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988, is enclosed as per Annexure-II.

INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year and the excellent results were achieved with the whole hearted co-operation of employees at all levels.

ACKNOWLEDGEMENT

The Board of Directors of the company wish to place on record their thanks and appreciation to all workers, staff members and executives for their contribution to the operations of the company. The Directors are thankful to the Bankers, Financial Institutions for their continued support to the company. The Directors also place on record their sincere thanks to the shareholders for their continued support, co-operation and confidence in the Management of the Company.

For and on behalf of the Board

Place : Ludhiana
Dated : 31st July, 2004

JAWAHAR LAL OSWAL
(Chairman-cum-Managing Director)

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2004.

Sr. No.	Name	Designation/ Nature of Duties	Remuneration in Rs.	Nature of Employment	Qualification	Experience in years	Date of Employment	Age in Years	Last Employment Held
1.	Sh. Jawahar Lal Oswal	Chairman cum Managing Director	15745000.00	Contractual	Graduate	40	01.02.98	61	Nil
2.	Sh. Dinesh Oswal	Managing Director	7632000.00	Contractual	B. Com.	19	01.04.98	39	Oswal Woollen Mills Ltd.
3.	Sh. S. L. Sehgal	Executive Director	1401889.00	Contractual	Textile Engineering	44	01.01.90	68	Rohtak Textile Mills Ltd. Rohtak

NOTES :

1. Remuneration includes salary, ex-gratia, leave encashment, monetary value of perquisites as per Income Tax Rules, employers contribution to provident fund and commission, where applicable.
2. Sh. Jawahar Lal Oswal is related to Sh. Dinesh Oswal, Managing Director and Sh. Kamal Oswal, Director of the Company.
3. Sh. Dinesh Oswal is related to Sh. Jawahar Lal Oswal, Chairman cum Managing Director and Sh. Kamal Oswal, Director of the Company.



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ANNEXURE-II

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.

1. CONSERVATION OF ENERGY

a) Measures taken for conservation of energy.

Energy conservation is an ongoing process in our organization. Continuous monitoring, planning, development and modifications for energy conservations are done in all units. All possible measures have been taken during selection of machinery and equipments for low energy consumption. All the new industrial light fittings installed since 1997 have been selected with low watt loss or with electronic chokes for minimum power consumption.

New generation of spindles having different blade profile are being replaced with old spindles and this change will result into saving of lot of electrical power.

b) Additional investment & proposal under implementation for reduction of consumption of energy

i) Old conventional spindles are being replaced with Energy efficient high speed spindles.

ii) Installation of high efficiency air-compressors

iii) Use of electronic chokes.

c) Impact of measures, consequent to (a) and (b) above

On account of the foregoing measures adopted by the company substantial saving of energy consumption and reduction in cost of production has been and shall be achieved.

d) Total energy consumption and energy consumption per unit of production as per Form-A, of the Annexure in the rules in respect of industries specified in the schedule thereto.

FORM A

	CURRENT YEAR	PREVIOUS YEAR
--	--------------	---------------

A. POWER & FUEL CONSUMPTION

1. Electricity

(a) Purchased

Units (Kwh)	93721183	96444741
Total amount (Rs.)	361849080	349748047
Rate per Unit (Rs.)	3.86	3.63

(b) Own Generation

i) Through Diesel Generator

Units produced (KWH)	6854665	9373386
Total amount (Rs.)	32540813	38432617
Cost per unit (Rs.)	4.74	4.10

ii) Furnace Oil

Unit produced (KWH)	15918730	NIL
Total Amount	32678047	NIL
Cost per unit (Rs.)	2.05	NIL

2. Coal

	NIL	NIL
--	-----	-----

3. Other/Internal Generation

	NIL	NIL
--	-----	-----

B. CONSUMPTION PER UNIT OF PRODUCTION

Electricity Consumed per unit

Cotton Yarn/Synthetic Yarn (Unit/Kg)	3.82	3.81
Coal/per Kg. of (Dyed Yarn)	NIL	NIL

2. TECHNOLOGY ABSORPTION

FORM B

A) RESEARCH & DEVELOPMENT (R & D)

i) Specific areas in which Research and Development carried out by the Company.

The R & D efforts in the company are focused not only on productivity, quality improvement with waste reduction but also in developing value added products such as CoolMax speciality yarns and Melange Yarns for domestic and International markets. The company has latest on-line and off-line testing and monitoring equipments to control the product consistency from raw-material to finished products.

ii) Benefits derived as a result of above R & D :

The company has improved its product value and reduction in production cost. The company has expanded its market to value added market segments and has been able to maintain its customer requirements.

The company has been able to reduce the production costs with improved quality level of finished products, thereby fetching better sales realisation.

iii) Future Plans :

The company is committed to continue the upgradation of its R&D facilities and will strive to develop new products keeping in view the future market requirements and will thus improve its competitiveness.

In the process of modernization of the factory, the company is going to take the following steps:

a) Manual feeding blow room machines will be replaced by the state of the art Bale Plucker LA23 manufactured by M/s Lakshmi Machine Works Limited, Coimbatore, India.

b) Latest generation of contamination Sorters and Yarn Clearers with contamination clearing channel will be installed in the blow room & in winding respectively.

c) In process of modernisations, the company will replace 10 Cards, 12 Ring frames & 4 Autoconers.

d) The company has also installed SAP in order to make the Management Information System more efficient, fast and accurate.

iv) Expenditure on R & D :

	Current Year	Previous Year
a) Capital (Rs.)	—	7335283
b) Recurring (Rs.)	248527	179020
c) Total (Rs.)	248527	7514303
d) Total R&D expenditure		
As a %age of total turnover	0.01	0.20

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

i) Efforts in brief made towards technology absorption, adaptation and Innovation :

The company has adopted latest generation LOPTEX contamination sorter (Tendom) in blow room to produce near contamination free yarn.

To improve the working environment the company has added AUTOMATIC waste recovery system supplied by M/s BATLIBOI & Co.

The company has installed Uster AFIS in order to improve the process control.

To reduce the level of hairiness in the yarn, the company has replaced old ring with new imported Titan rings.

ii) Benefits derived as result of above efforts:

With the above mentioned efforts, the company will enjoy the benefits of improved quality, productivity and saving in manufacturing cost.

iii) Information regarding Technology imported during the last five years :

Uster Quantum Clearers from Uster Technologies, SWITZERLAND
Uster AFIS from Uster Technologies, SWITZERLAND
Titan rings from Bracker Brothers, ZURICH, SWITZERLAND
SAVIO Espero-L autoconer from ITALY
LOPTEX contamination sorter (Tendom) from ITALY
MURATEC 21C autoconer from M/s MURATA MACHINERY LIMITED, JAPAN.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current Year	Previous Year
a) Foreign Exchange earned (Rs.)	2978652368	2207319633
b) Foreign Exchanges Outgo (Rs.)	321508589	111801649

For and on behalf of the Board

Place : Ludhiana
Dated : 31st July, 2004

JAWAHAR LAL OSWAL
(Chairman-cum-Managing Director)



NAHAR EXPORTS LIMITED

ANNEXURE – III

CORPORATE GOVERNANCE REPORT

This report of Corporate Governance form part of the Annual Report.

Your Company continues to practicing the principle of good Corporate Governance. It is company's firm belief that good Corporate Governance is key to success of business. The Company's philosophy envisage an attainment of highest level of the transparency and accountability in its operations, so that Company's goal of creation and maximisation of wealth of the Shareholders/Stakeholders could be achieved. Clause 49 of the Listing Agreement with Stock Exchanges incorporate certain mandatory disclosure requirements with regard to Corporate Governance. In pursuance to the requirements of Corporate Governance Rules, we are pleased to report the following:

I. BOARD OF DIRECTORS

- The present strength of Board is 12 Directors. The Board comprises of Executive and Non Executive Directors. Sh. J.L. Oswal is a working Chairman designated as Chairman cum Managing Director, Sh. Dinesh Oswal, Managing Director and Sh. S.L. Sehgal, Executive Director of the Company. Thus the post of Chairman and Managing Director are held by different persons.
- Since Sh. J.L. Oswal is Executive Chairman, at least half of the Board should comprise of independent Directors as per Corporate Governance Rules. The Company has already restructured its Board to comply the said requirement. The company's Board consist of six independent Directors out of Twelve Directors, namely Sh. Amarjeet Singh, Dr. O.P. Sahni, Dr.(Mrs.) H.K. Bal, Sh. K.S. Maini, Dr. S.K. Singla and Sh. S.L. Sehgal. Thus the company has complied the Corporate Governance Rules regarding structure of Board of Directors.
- The Board met four times on 31st May, 31st July, 31st October, 2003 and 31st January, 2004 during the period April, 2003 to March, 2004 with a clearly defined agenda circulated well in advance of each meeting. The maximum interval between the two Board meetings is not more than four months.
- None of the directors is a member of more than 10 Board level committees or is Chairman of more than 5 such Board level committees. None of the Director is a director in more than 15 companies as prescribed under the Act.
- Participation of Non Executive Directors has been active in the Board Meetings. The Attendance record of Directors in the Board and the Annual General Meeting during the year 2003-2004 is as under:

Name of Director	Category of Director	No. of meetings attended	Whether attended AGM
Sh. Jawahar Lal Oswal	Executive Promoter	3	No
Sh. Dinesh Oswal	Executive Promoter	4	Yes
Sh. Kamal Oswal	Non Executive Promoter	4	Yes
Sh. Dinesh Gogna	Non Executive	4	Yes
Sh. Komal Jain	Non Executive	4	Yes
Sh. S.L. Sehgal	Executive Independent	4	Yes
Dr. (Mrs.) H.K. Bal	Non Exe. Independent	4	Yes

Sh. Amarjeet Singh	Non Exe. Independent	4	Yes
Sh. G.S. Dhiman	Non Executive	4	Yes
Dr. O.P. Sahni	Non Exe. Independent	4	Yes
Sh. K.S. Maini	Non Exe. Independent	4	Yes
Dr. S.K. Singla	Non Exe. Independent	4	Yes

- Non Executive Directors are paid a sitting fee of Rs.2000/- per meeting of the Board.
- The Company ensures compliance of various statutory requirements by all its business units.
- All the Statutory Registers that are required to be maintained, particularly, Register of Director's Shareholding, Register of Investments etc. are properly maintained and continuously updated.

II. AUDIT COMMITTEE

The Audit Committee constituted pursuant to Clause 49 of the Listing Agreement and Section 292(a) of the Companies Act, 1956, consists of three Non Executive Directors under the Chairmanship of S. Amarjeet Singh. Prof. K.S. Maini and Sh. Dinesh Gogna are the two other members of the Audit Committee. The Company Secretary is the Secretary of the committee. The Finance Controller is permanent invitee of the committee.

The Audit Committee is overseeing the financial reporting besides reviewing the quarterly, half yearly and Annual Financial Results of the Company. It is also reviewing company's financial and risk management policies and the internal control system, internal audit system etc. through discussion with internal and external auditors.

During the year 2003-2004 four meeting of the committee were held. The attendance record of the meetings held is as under:

Name of the Member	No. of meetings held upto 31.03.2004	No. of meetings attended
Sh. Amarjeet Singh	4	4
Sh. Dinesh Gogna	4	4
Prof. K.S. Maini	4	4

Sh. Amarjeet Singh, Chairman of the Audit Committee attended the last Annual General Meeting of the company held on 29th September, 2003 and replied/clarified the queries raised at the Annual General Meeting.

III. REMUNERATION COMMITTEE

The Company has already constituted Remuneration Committee. The committee comprises Sh. Amarjeet Singh as Chairman, Sh. G.S. Dhiman and Dr.(Mrs.) H.K. Bal as members. The Broad term of reference of the Remuneration Committee is to ensure that the Company's Remuneration policies in respect of Managing Director/Working Directors, Senior Executives are competitive so as to recruit and retain best talent in the Company and to ensure appropriate disclosure of remuneration paid to said persons.

The Committee met once during the year. The attendance record of the meeting held is as follows :

Name of the Member	No. of meetings held upto 31.03.2004	No. of meetings attended
Sh. Amarjeet Singh	1	1
Sh. G.S. Dhiman	1	1
Dr.(Mrs.) H.K. Bal	1	1



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The details of Director's remuneration paid for the year ended 31st March, 2004 is as under :

	Salary (Rs.)	Sitting Fee(Rs.)
Sh. Jawahar Lal Oswal	15745000.00	
Sh. Kamal Oswal		8000.00
Sh. Dinesh Oswal	7632000.00	
Sh. Dinesh Gogna		8000.00
Sh. Komal Jain		8000.00
Sh. S.L. Sehgal	1401889.00	
Dr.(Mrs.) H.K. Bal		8000.00
Sh. Amarjeet Singh		8000.00
Dr. O.P. Sahni		8000.00
Sh. K.S. Maini		8000.00
Dr. S.K. Singla		8000.00
Sh. G.S. Dhiman		8000.00

IV. SHAREHOLDER'S COMMITTEES

The Company has already constituted share transfer committee comprising 5 (Five) members under Chairmanship of Sh. Dinesh Oswal. The committee is responsible for approving the transfer and transmission of securities, dematerialisation of shares, issuance of duplicate certificates and other shareholders related issues. The committee met twelve times during the period April, 2003 to March, 2004 and the attendance record of the members is as follows :-

Name of the Member	No. of meetings held upto 31.03.2004	No. of meetings attended
Sh. Dinesh Oswal	12	12
Sh. Kamal Oswal	12	12
Sh. Dinesh Gogna	12	12
Sh. Komal Jain	12	12
Sh. Rajesh Kumar	12	12

As per SEBI circular no.D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, Company has appointed M/s Alankit Assignments Ltd. as Registrar for Share Transfer and Electronic Connectivity. Accordingly all the shareholders, Investors, Members of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communication in respect of Share Transfer, Demat/Remat, Change of Address etc. to our Registrar whose address and telephone no. etc. has already been mentioned in the Directors Report.

In case any query/complaint remains unresolved with our Registrar please write to Company Secretary at the Registered Office of the Company.

The Company also has a Shareholders Grievance Committee consists of three Non Working Directors under the Chairpersonship of Dr.(Mrs.) H.K. Bal. Mr. Rajesh Kumar, Company Secretary, is the compliance officer of the company. The committee look into the complaints/grievances of shareholders such as transfer of shares, Non receipt of dividend/ share certificates, Demat problems etc. The committee met four times from April, 2003 to March, 2004 and the attendance record of the meetings held is as follows :

Name of the Member	No. of meetings held upto 31.03.2004	No. of meetings attended
Dr.(Mrs.) H.K. Bal	4	4
Sh. Amarjeet Singh	4	4
Sh. G.S. Dhiman	4	4

The company has been quick in the redressal of the grievances of the Shareholder and has attended to most of the Investors correspondence/grievances within a period of 15 to 30 days from the date of receipt of the same. The details regarding the same is as under :

No. of letters/complaints received during the year : 1163
No. of letters/complaints resolved during the year : 1163
No. of complaints pending as on 31st Mar. 2004 : NIL

V. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings are as under:

Financial year	Location	Date	Time
2000-2001	Premises of Nahar International Ltd Focal Point, Ludhiana	28.09.2001	10.45 a.m
2001-2002	Premises of Nahar International Ltd. Focal Point, Ludhiana	30.09.2002	10.45 a.m
2002-2003	Premises of Nahar International Ltd. Focal Point, Ludhiana	29.09.2003	10.45 a.m

Special business transacted at the above said Annual General Meetings:

2000-2001

To appoint Sh. Vinod Kumar Khanna as Director of the Company
To appoint Sh. Amarjeet Singh as Director of the Company
To appoint Sh. Kanwar Sain Maini as Director of the Company.

2001-2002

To appoint Dr. Suresh Kumar Singla as Director of the Company
To re-appoint Sh. J.L. Oswal, as Managing Director of the Company for a period of 5 years w.e.f. 01.02.2003.
To re-appoint Sh. Dinesh Oswal as Managing Director of the Company for a period of 5 years w.e.f. 01.02.2003.

2002-2003

De-listing of Equity Shares from Ludhiana Stock Exchange, Delhi Stock Exchange and The Stock Exchange, Ahmedabad.
To increase the remuneration of Sh. Jawahar Lal Oswal, Chairman cum Managing Director
To alter/addition of Article no. 80-A in the Articles of Association of the Company.

VI. DISCLOSURES

1. Disclosures on materially significant party related transactions are given at point No. 7 in the notes of Accounts.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

VII. MEANS OF COMMUNICATION

The Company's quarterly results in the format prescribed by the Stock Exchanges are approved and taken on record by the Board within the prescribed time frame and sent immediately to all Stock Exchanges on which the company's shares are listed. These results are published in leading news paper i.e. Business Standard in English and Punjabi Tribune in vernacular. Our Quarterly, Half yearly and Annual results are also displayed on the website of the company i.e. www.ownahar.com